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PUBLIC PROTECTION CABINET DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

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Notice

June 16, 2014

Licensed Kentucky Distributors:

The Kentucky Department of Alcoholic Beverage Control is using this opportunity to inform you of one change resulting from the passage of Senate Bill 83 (SB 83) during the 2014 General Assembly in an effort to better assist you in your planning. Within the next few weeks additional information will be forth coming and posted to the Departments website in regards to all of the recent legislative changes.

As the holder of a Kentucky Distributor license, this notice is to advise you of changes made during the 2014 General Assembly related to **cider**. Specifically, the General Assembly passed legislation that now defines "weak cider" to mean cider containing 1% or more but less than 7% alcohol by volume (ABV) **and allows it to be sold and treated as a malt beverage**. Since cider less than 7% is not regulated by the Federal Alcohol Act, this change would not be in conflict with federal law. Distributors are permitted to sell and distribute weak cider just like other malt beverages. Weak cider containing less than 7% ABV is now permitted to be sold at retail establishments where malt beverages are currently sold and may be produced at our licensed Kentucky Microbreweries.

Cider means a fermented fruit based beverage containing 7% or greater ABV and includes hard cider and perry cider. Cider is considered a "wine". These must continue to be properly registered by using the Department's 715 Brand Registration form and require that you hold an "active" Kentucky Wholesalers license. The newly created "weak cider" is considered a malt beverage not considered a wine product. The term "weak cider" has been added to the malt beverage definition. Under the definition for wine, cider is still included however the definition now states it does NOT include weak cider. "Weak cider" means any fermented fruit based beverage containing more than 1% but less than 7 % (6.999%) ABV. If you plan only to distribute "weak cider" and regular malt beverages you will only need to hold a distributors license. The ABV must be on the container from the producer of the cider product; this will aid both you and your retailers in assuring compliance. So although they are produced the exact same way and are like products it is very important to



remember they are now defined as different products based upon the percent alcohol by volume (% ABV) and as designated in statute in the definitions.

The Department's required brand registration forms, specifically the "714 & 715 Brand Registration" forms have been revised to reflect this change and to offer instruction to our licensees registering the brands. These revised forms will be posted to the Department's website for use effective July 15, 2014. These revised forms will remain in use up until the Department's deployment of the new fully automated product registration system (PRO) to register brands. (Note: more information will be forth coming on the new PRO system and training dates).

As you continue to engage in the distribution of cider, please be sure that you properly register each brand. Further, for cider 7% ABV or greater you must hold a wholesalers license in addition to your distributors license. Remember if above 7% ABV use the 715 form, if under 7% ABV register them along with your malt beverages on the 714 form. It is important to also note that all cider that will be distributed or sold MUST be properly registered with the Department in advance of any sales/purchases. Since most of you already hold a wholesaler license, in addition to your distributor license, the largest changes resulting from this will be the change in which brand registration form to use and the increased number of licensed retail outlets you can now sell "weak cider" to.

Please accept this letter as written notification as to rights and any requirements in an effort to provide initial guidance and avoid any confusion. We ask that you assist us in educating our malt beverage retailers as well. An active **licensed Kentucky Retailer holding either or both a NQ and NQ-4 Malt Beverage license may engage in the sale of weak cider (AVB greater than 1% but less than 7%) <u>effective on July 15, 2014 or any time thereafter.</u> Type of sales the retailer may engage in will depend on the type of malt beverage license they hold. (i.e. NQ license weak cider by the package, NQ-4 weak cider by the drink for consumption on premises, if they hold both the NQ & NQ-4 then they may engage in both.)**

As a current licensee, it is important to us to keep you informed and to provide resources to ensure your continued growth and success. If you have questions, please contact the Department for further assistance. Thank you.

Sincerely,

Stephanie Stumbo

Kentucky Malt Beverage Administrator

Cc: KY ABC Individual Licensing Files-Distributors

